

DEPOSITORY INSTITUTION LOAN ORIGINATOR REGISTRATION UNDER THE S.A.F.E. ACT

FACT SHEET

The S.A.F.E. Act* requires that by July 31, 2009, the federal banking agencies (including the FDIC and NCUA) must adopt and enforce rules requiring registration of loan originators who work at depository institutions and who work at subsidiaries that a depository institution “owns and controls.” The term “depository institution” has the same meaning as in section 3 of the Federal Deposit Insurance Act, and includes any credit union.

The rule has not been promulgated yet, but it is expected soon. The rule will require the registration to take place through the Nationwide Mortgage Licensing System and Registry (NMLSR). Therefore, banks and credit unions should expect to get information sometime this spring about registering their loan originators by the July 31, 2009 deadline.

- The Federal Financial Institutions Examination Council (FFIEC) will initially be responsible for promulgating the rule for procedures, requirements and deadlines for the registration of depository institution loan officers through the NMLSR. The rules that are adopted will be enforced by the NCUA and the FDIC.
- Loan originators will be required to maintain a registration (not a license) that includes the following:
 - fingerprints
 - personal history and experience (including reports of publicly adjudicated disciplinary and enforcement actions)
 - unique identifier number, which will be assigned by the NMLSR.
- Loan originators at mortgage companies and other nondepository institutions are required to submit to a more extensive license process through the NMLSR. State law is currently being enacted and implemented to regulate the license process. This law has an initial deadline of April 1, 2009.
- A “loan originator” is an individual who takes a residential mortgage loan application, or offers or negotiates terms of a residential mortgage loan for compensation or gain.
- A “loan originator” does not include a person who performs purely administrative or clerical tasks on behalf of a person who is a “loan originator”. It also does not include a person who performs only real estate brokerage activities or a person who is solely involved in extensions of credit relating to timeshare plans.

***For more information**, and a link to the S.A.F.E. Act, the Conference of State Bank Supervisors (CSBS) has a wealth of information about S.A.F.E. and the NMLSR on its website, at www.csbs.org.